

March 25, 1975

SENATOR SCHMIT: Thank you, Senator Goodrich.

SPEAKER: Senator Cavanaugh.

SENATOR CAVANAUGH: Would Senator Schmit yield?

SENATOR SCHMIT: Yes, I yield.

SENATOR CAVANAUGH: What do you expect the effect to be now?

SENATOR SCHMIT: I expect the effect of this to be that there will be considerably reduced float in regard to the payment of slaughter livestock by the packer. There will be no more of this practice of using a Seattle bank or a New York bank by packing plant that is located within the confines of the state of Nebraska and the purpose of this, of course, is very well understood. It requires time for those checks to clear and during that period of time the situation which did occur and caused considerable loss of dollars to livestock feeders will be prevented in the future.

SENATOR CAVANAUGH: Well, don't you think the effect could be that everybody who is going to be transacting business in the slaughter livestock market will now transact it under a written contract of occlusion.

SENATOR SCHMIT: If they chose to do that, they might but as I pointed out earlier, the Omaha Union Stockyards has had this as their policy for many, many years and has never had any problem in effecting an agreement that those slaughter livestock were paid for by a check drawn on..in fact, they require a Nebraska bank, according to the information I have.

SENATOR CAVANAUGH: OK.

SPEAKER: Senator Clark.

SENATOR CLARK: I would like to ask Senator Schmit a question, please.

SPEAKER: Senator Schmit, would you answer a question of Senator Clark.

SENATOR SCHMIT: Yes, I will.

SENATOR CLARK: In my particular district, I am only eight miles from Colorado and about 40 miles from Wyoming. What I want to know is, when we sell slaughter livestock over in Colorado, those people don't have a bank account over here and neither do they in Wyoming. This would, I don't know what it is going to do. You say in the district and I think that is outside the district, as far as the Federal Reserve district is concerned, in Colorado. Would you mind amending that to the surrounding states?

SENATOR SCHMIT: I wouldn't mind, really, but I think that we have to be somewhat cautious about it. I would like, if you have any objection, I would like to check with you and perhaps on Select File we could amend it so that it would take care of any objection. We did think that by virtue of allowing the check to be drawn within the Federal Reserve district it would alleviate any objection that might come